

**Meeting Summary
DNR Clean Air Act Task Force
May 18, 2000 - Madison, WI**

Participants: Bob Fassbender, Hough Fassbender Osborne & Associates; Pat Stevens, WI Manufacturing & Commerce; Ed Wilusz, WI Paper Council; Hank Handzel, DeWitt Ross & Stevens (for WPC and Printing Industries of WI); Lou Skibicki, RTP Environmental Associates; David Donovan, Northern States Power - WI; Harold Frank, Dairyland Power Cooperative; Kathleen Standen, WI Electric; Mark Steinberg, SC Johnson & Son; Jim Beasom, Appleton Papers; Jim Albrecht, STS Consultants; Gary Van Helvoirt, WI Public Service Company; Todd Palmer, DeWitt Ross & Stevens; Dwight McComb, Federal Highway Administration; Jeff Agee-Aguayo, Bay Lakes Regional Planning Commission; Michael Ricciardi, Madison Gas & Electric; Jill Stevens, Alliant Energy; Erin Roth, WI Petroleum Council; Tom Walker, WI Transportation Builders Association; Ken Yunker, Southeastern WI Regional Planning Commission; Nicole Anderson, WI Clean Cities - Southeast Area, Inc.; Sally Jenkins, Public Service Commission of WI; John Stolzenberg, Legislative Council; Kendra Bonderud, Legislative Fiscal Bureau; Neil Howell and Preston Schutt, WI Dept. of Administration; Pat Trainer, WI Dept. of Transportation; Tom Steidl, DNR Legal Services; Jerry Medinger and Sue Hill, DNR Southeast Region; Lloyd Eagan, Larry Bruss, Bob Lopez, Allen Hubbard, Tom Karman, Chris Bovee and Anne Urbanski, DNR Bureau of Air Management.

Handouts/overheads:

Next meeting: Monday, August 28, 2000, from 10 a.m. to noon in Room 027, Natural Resources Bldg. (GEF 2), 101 S. Webster St., Madison, WI. *Please see our Calendar of Events webpage at <http://www.dnr.state.wi.us/org/aw/air/hot/eventscal.htm> for the most up-to-date information about our meetings.*

Discussion:

Lloyd Eagan said the only agenda item would be the DNR's revised green-sheet rule package for Wisconsin's attainment demonstration for the one-hour ozone standard. (She prefaced her remarks by indicating that due to the incredibly tight time frame, DNR proposes to take a broad package to public hearing and then revise it before taking it back to the NRB for approval in September.) DNR has to prepare and submit the attainment plan to USEPA by December 31, 2000. The plan will focus on how Wisconsin will attain the one-hour standard by 2007 and how the state will maintain the standard after 2007, as well as meeting certain requirements that are hard-wired in the Clean Air Act. Eagan noted that while the March 2000 U.S. Circuit Court ruling said that Wisconsin does not impact any areas which fail to meet the one-hour standard, the state does impact some areas in Michigan that don't meet the 8-hour ozone standard, and Wisconsin still must meet its existing CAA obligations. One of these requirements is to show continuous, steady progress toward attainment through 3% annual emission reductions until we have monitored attainment; overall this means a 51% reduction from 1990 emission levels by 2007. To achieve these reductions, DNR is looking at corporate, system-average rates of NOx emissions from electric generating units for milestone reduction years (2002, 2005, 2007), performance standards for new sources not subject to Lowest Achievable Emission Rate or Best Available Control Technology, and trading of NOx reduction credits as a compliance tool. DNR is now looking at having three ozone control regions (OCRs): a primary region (mostly along the Lake Michigan shoreline), a secondary region (east of a diagonal from Brown County down to Grant County), and a maintenance region (remainder of the state). The only feasible new reductions from the mobile source sector would be NOx emission cutpoints for the vehicle inspection/maintenance program, which would involve failing cars for excessive NOx emissions

and requiring those cars to get tuneups to correct the problem. NOx cutpoints would reduce emissions by 12 tons/day in 2002, 9 tpd in 2005 and 6 tpd in 2007 and would reduce the emission reductions needed from EGUS. Pat Stevens said the geographic regions listed in the green sheet were confusing and seem to be including many more, smaller sources than were included in the NOx SIP call. Eagan replied that DNR could clarify which sources would be affected. Eagan said the draft green sheet proposes performance standards for major stationary sources in the primary OCR, new source performance standards (NSPS) and one-to-one emission offsets from new sources in both ozone control regions, and voluntary emission reductions in the secondary OCR. Pat Stevens said Wisconsin Manufacturers & Commerce couldn't find a mandate in the Clean Air Act for the maintenance measures that DNR is proposing. Tom Steidl replied that section 110 of the Clean Air Act addresses what must be included in attainment and maintenance plans. Stevens asked why Wisconsin could not use its Rate of Progress reductions to maintain the ozone standard. Eagan replied that the maintenance plan is supposed to ensure economic growth doesn't cause emissions to increase. Bob Fassbender asked whether DNR had modeling rules that justify that Wisconsin won't model attainment unless these maintenance measures are in place. Bob Lopez replied that if we don't build in emission decreases, growth in economic and social activity would boost emissions over time. Fassbender said this seems to him to be a new requirement that is not in the Clean Air Act. Larry Bruss said DNR submitted an ozone State Implementation Plan in 1992(?) that included a post 2007 maintenance plan to ensure Wisconsin's emissions did not exceed a cap established in 1982; this is exactly what DNR is doing now.

Eagan presented an overhead showing a table of requirements by ozone control region. The primary OCR has more requirements than the other two regions. The secondary OCR has mandatory offsets and NSPS and voluntary NOx reductions for 2001, but no rate of progress reductions. The ozone maintenance region (OMR) does not have offsets, rate of progress or voluntary NOx emissions but does have emission reduction targets in permits before 2007, then required emission reductions in 2007. Tom Walker said DNR needs to include the definition of "major source" so sources can be certain when offsets are required. Eagan outlined other plan elements, including some VOC controls that DNR should have put in place earlier in nine counties; because of the small number of sources involved the department will do consent orders rather than writing rules. The plan must also include a transportation conformity budget as well as rate of progress reductions for VOC and NOx emissions. Finally, Eagan said her least favorite element is one that the Clean Air Act mandates, an excess emissions fee of \$5,000/ton (in 1990 dollars) for VOC emissions above 80% of the 2007 baseline. The fee must be imposed if the nonattainment area violates the ozone standard after 2007, even on VOC sources that comply with emission limits, and will apply even if the ozone violation is caused by transport from other states. In this rule package DNR is trying to stick strictly to mandated reductions and will try to seek voluntary reductions through other means. Eagan said DNR had presented an informational item on the rule to the Natural Resources Board and expected to hold public informational meetings during the summer, once the NRB authorizes public hearings. After those public hearings DNR would bring the rule package back to the NRB in September, present it for legislative review in October and submit it to EPA in December 2000.

Bob Lopez presented clarifications about differences between this draft and previous versions. The current draft has refined the NOx emission standards, the geographic areas for controls on existing facilities, and mobile sector budget projections; combined two ozone maintenance regions into one; and slightly reduced the final maximum control objective for electric generating units. The single biggest change is the reduced geographic scope of the control standards. The current draft is much broader than what DNR would actually propose in

the final rule, so that the department can obtain comments on all possible options. Walker asked whether the DNR and/or the NRB have flexibility to choose an option that is not brought to the public hearing? Lopez said yes, essentially they do. Bruss said DNR has attempted to identify all possibilities so people can comment on everything. Walker asked about the possibility that stakeholders would agree on some option not included in DNR's list. Ken Yunker said that SEWRPC probably could not live with the 2007 conformity budget included in the rule draft and asked DNR staff to provide the EPA emission factors with and without NOx cutpoints and to include the impact of Tier 2 and low sulfur fuels. Jeff Agee-Aguayo recommended strongly that Manitowoc and Kewaunee counties be separated and not paired in the rule analysis. Kathleen Standen asked whether the time frame for finalizing the rules would change if potential options required an additional public hearing. She noted that WEPCO is not sure they can meet the least stringent compliance level by the compliance deadline. Going back to Walker's and Yunker's comments, Lopez said EPA has given DNR more refined emission estimates for Tier 2 and low sulfur fuel impacts. Table 3.1 in the rule package reflects the addition of the "contingency" into the progress plan (the 3% contingency requirement slides from 2002 to 2005 to 2007, and unlike the ROP, it is not additive). The contingency requirement is part of an enforceable program. DNR can take comments on the contingency as well. Fassbender asked why the state should include the contingency requirement upfront, when it won't be used until after the ROP reductions occur? Bruss said DNR is required to write a rule that must be implemented immediately if a triggering event occurs. There was some discussion regarding the level of certainty of implementing controls on various types of sources; EGUs are looking for more certainty than other industrial sources, Eagan said, but Kathleen Standen said WEPCO is concerned more about cost-effectiveness than certainty, at least for 2002 controls. Hank Handzel asked how much VOCs and NOx were emitted in Wisconsin in 1998 and 1999; Tom Karman replied, approximately 450 tons per day. According to DNR's Dennis Koepke, the contingency cannot be met through VOC controls alone.

Lopez then discussed performance standards. Mark Steinberg said it appeared that DNR was specifying performance standards in terms of pounds of emissions per million BTUs heat input, which assumes that a source that does a boiler tune-up or optimization meets the standard. Lopez said average EGU control costs should range from \$1,150/ton in 2002 to \$1,350/ton in 2007. He asked participants to send comments on cost assumptions and other issues to Tom Karman. Standen said that at the previous Task Force meeting, DNR was asked if the emission rate was just for the ozone season; however the green sheet indicates it's a 30-day rolling average rate rather than a seasonal average rate. Lopez said combustion optimization applies to a larger number of units than previously and is required in addition to an emissions limit. The proposal does define a petition process whereby, if a source makes a good faith effort to apply controls but doesn't reach the emission limit, it can petition DNR using NR 428.10. Karman said the emission rates are separate from combustion optimization/tuning. Lopez said DNR would post this information on the website.(but did we ever?? I don't know). Because DNR is describing potential impacts on units that were not discussed in the NOx Technical Advisory Group, the department will need to do more outreach to those units during the comment period. Lou Skibicki asked if the numbers shown in the proposal for smaller boilers would result from a combustion modification program. Karman said the emission limits are based on combustion modifications that could take place and the most stringent emissions limit that could be achieved with that modification; each component is open for comment. Skibicki asked if it is anticipated that affected units are already doing Part 75 monitoring. Pat Stevens said it appears this portion of the rule package will impact up to 175 sources; Lopez said the total is actually closer to 100. Reductions from this measure will be roughly equivalent to the emission reductions due to the

I/M program. Steinberg said DNR needs to clarify whether the offsets are based on annual or ozone-season NOx emissions. Also the rule appears to require offsets for new sources or modifications that increase NOx emissions by even 1 ton per year; Bruss said this is, indeed, the threshold in the rule package. Hank Handzel asked what is the authority for DNR to seek offsets outside the nonattainment area; Eagan (?) said the authority is the Wisconsin's ozone maintenance plans. Linda Bochart asked if this provision was designed to prevent any new sources from operating. Eagan said the intent was to make sure new sources get offsets.

Larry Bruss then presented a modeling "trajectory analysis" which shows that on the 20 exceedance days in (199?), about half had winds from due south, and the other half had winds from the southwest. The geographic area of the secondary ozone control region matches well with the backward trajectory areas found in the modeling. Bruss showed slides of ozone transport trajectories on specific days that had ozone exceedances. Based on these analyses, DNR is confident about the impact and geographic extent of the secondary OCR. The modeling looked at the difference between the base case with emissions, base case without emissions, and changes in concentration. The maximum change was 26 ppb on 7/11/95, near Green Bay. On that day in the nonattainment, the change based on trajectory analysis was 6-7 ppb. Bruss noted that on 7/17/1991, when Manitowoc had an ozone reading of 175 ppb, the wind trajectory appears to have contributed 16-20 ppb to that total. Tom Walker asked if DNR had any sense of how much NOx reductions would be accomplished in the secondary OCR under DNR's plan? Bruss noted that in the secondary OCR, DNR is proposing only offsets and New Source Performance Standards (NSPS). DNR is not attempting to reduce or change the level of emissions, only to keep it from increasing. Bruss said the analysis shows that the secondary OCR contributes significantly to ozone levels in the nonattainment area. Bob Fassbender said that the green sheet plan does not make reductions in the primary OCR to attain the ozone standard, but instead is seeking ROP reductions in a forced march. He asked Bruss if DNR had done any modeling that said that if Wisconsin doesn't do any additional emission controls it will jeopardize attainment. Bruss replied that the analysis was done to support the maintenance area concept in the plan. The modeling shows that the secondary OCR is important and has a significant impact on the nonattainment areas. DNR's reasoning is that the maintenance plan needs to address ozone precursor emissions in the secondary OCR, otherwise once Wisconsin attains the ozone standard it won't be able to stay in attainment. Fassbender asked if the modeling proves this beyond a reasonable doubt; Bruss replied no, that can't be done. Bruss said DNR is using the same approach it used in 1982; instead of establishing an emissions cap, the department wants to establish offsets so we can allow some additional growth. Fassbender said that what he heard Bruss say was that DNR has not show through modeling that if we don't do this, southeastern Wisconsin will not be in attainment. Tom Walker said that in order to be persuasive, DNR needs to present more evidence than he's seen thus far that Wisconsin will have a problem staying within the necessary emission levels for stationary sources. Eagan responded that DNR is seeing more permit applications for sources that emit NOx; staff could put information together to show this. Ken Yunker said he thought it was customary to show emissions by sector for the year 2020. Lou Skibicki asked if the NOx SIP call had offset requirements; Bruss said no, it had an emissions budget that sources had to "buy their way into". Bruss pointed out that DNR is also proposing a voluntary program in which it would partner with the Wisconsin Department of Administration in determining how to reduce energy needs of Wisconsin's numerous state-owned facilities. The plan includes an outreach effort to foster good combustion techniques for large fuel burning equipment in Wisconsin; this is a way to show how some simple changes in operational practices can make a difference. This totally voluntary program would involve registration of "credits" and benefits would include cost and energy

savings; reduced emissions of NOx, PM 2.5, carbon dioxide, sulfur dioxide, hazardous air pollutants (such as mercury) and precursors of ozone and haze. This is currently just a conceptual plan that DNR has discussed briefly with WMC. There is no set schedule for implementation. Fassbender said it would be really nice if EPA recognized facilities involved in such a program. Bruss said he didn't know if EPA would be willing to offer emission credits or other recognition for participation in this proposal. Eagan noted that Wisconsin now has authority for a registry for early emissions reductions credits; the Center for Clean Air Policy will help DNR develop the registry. Karman said that DNR would need to look upfront at some minimum monitoring issues to determine emission baselines. This would not be Part 60 monitoring.

Lastly, Eagan asked participants to list specific suggestions about aspects of the green sheet package that need to be better explained at public outreach sessions. Participants made the following suggestions:

1. Benefit of New Source Review standards statewide
2. Clarify BACT, LAER and NSR standards.
3. Compare baseline emissions vs. actual emissions.
4. Note effective dates and planning horizons for affected facilities.
5. How are offsets generated, traded, etc.?
6. Portable sources - what applies?
7. Baseline tons vs. actual tons reduced.
8. Development of mobile sector budgets.